Message Text

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PAGE 01 STATE 064135

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FM SECSTATE WASHDC
TO AMEMBASSY BONN IMMEDIATE
AMEMBASSY BRASILIA IMMEDIATE
AMEMBASSY BRUSSELS IMMEDIATE
AMEMBASSY BUENOS AIRES IMMEDIATE
AMEMBASSY CANBERRA IMMEDIATE
AMEMBASSY HELSINKI IMMEDIATE
AMEMBASSY LONDON IMMEDIATE
AMEMBASSY LUXEMBOURG IMMEDIATE
AMEMBASSY MADRID IMMEDIATE
AMEMBASSY MEXICO IMMEDIATE
AMEMBASSY MOSCOW IMMEDIATE
USMISSION OECD PARIS IMMEDIATE
USMISSION EC BRUSSELS IMMEDIATE
USMISSION GENEVA IMMEDIATE
USDEL MTN GENEVA IMMEDIATE
AMEMBASSY OSLO IMMEDIATE
AMEMBASSY OTTAWA IMMEDIATE
AMEMBASSY PARIS IMMEDIATE
AMEMBASSY PRAGUE IMMEDIATE
AMEMBASSY PRETORIA IMMEDIATE
AMEMBASSY ROME IMMEDIATE
AMEMBASSY SEOUL IMMEDIATE
AMEMBASSY STOCKHOLM IMMEDIATE
AMEMBASSY THE HAGUE IMMEDIATE
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PAGE 02 STATE 064135

AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY VIENNA IMMEDIATE
AMEMBASSY WARSAW IMMEDIATE
AMCONSUL HONG KONG IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD

SUBJECT: SPECIALTY STEEL CASE FACT SHEET

1. SPECIALTY STEEL IMPORTS AMOUNTED TO NEARLY $200 MILLION IN 1975. THIS REPRESENTED A NEARLY TWO-FOLD INCREASE COMPARED WITH 1970 IMPORTS OF ABOUT $110 MILLION. (SEE NOTE 1)

2. IN TONNAGE TERMS, IMPORTS OF STAINLESS AND ALLOY TOOL STEEL IN 1975 WERE THE SECOND HIGHEST LEVEL SINCE 1968. IMPORT PENETRATION RATES WERE ABOUT 20 PERCENT IN 1970, AND 1975, SUBSTANTIALLY HIGHER THAN FOR THE INTERVENTING YEARS.

3. DOMESTIC PRODUCTION AND SHIPMENTS MORE THAN DOUBLED FROM 1970 TO 1974. HOWEVER, IN 1975, A DECLINE OF ROUGHLY 45 PERCENT OCCURRED. EMPLOYMENT TRENDS OVER THE LAST SEVERAL YEARS HAVE ALSO BEEN GENERALLY UPWARD. HOW-

NOTE 1: THIS CASE COVERS $200 MILLION IN 1975 TRADE, COMPARED WITH TOTAL STEEL IMPORTS OF $4.5 BILLION, AND TOTAL U.S. IMPORTS OF $103 BILLION.

EVER, IN 1975, APPROXIMATELY 8500 WORKERS WERE IN LAY-OFF STATUS REPRESENTING APPROXIMATELY 25 PERCENT OF THE INDUSTRY'S WORK FORCE.

4. THE SPECIALTY STEEL INDUSTRY IS GEOGRAPHICALLY CON-CENTRATED IN THE EASTERN HALF OF THE UNTIED STATES WITH THE LARGEST NUMBER OF PLANTS LOCATED IN PENNSYLVANIA. SUBSTANTIAL PRODUCTION ALSO IS FOUND IN NEW YORK, OHIO,
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MARYLAND, MICHIGAN AND INDIANA. PENNSYLVANIA IN PARTICULAR HAS BEEN HARD HIT BY CUT-BACKS IN DOMESTIC SHIPMENTS.

5. THE SPECIALTY STEEL INDUSTRY IS SUFFERING TO A LARGE EXTENT FROM THE DOMESTIC RECESSION AND IS EXPECTED TO RECOVER SUBSTANTIALLY AS THE DOMESTIC ECONOMY RECOVERS. LONG-RUN PROSPECTS FOR THE U.S. MARKET APPEAR FAVORABLE WITH A HIGHER GROWTH RATE LIKELY THAN FOR CARBON STEEL

PRODUCTS.

6.THE USITC CASE INVOLVES ONLY SPECIALTY STEEL AND NOT THE MUCH LARGER CARBON STEEL INDUSTRY. SPECIALTY STEEL IMPORTS ACCOUNT FOR ONLY 5 PERCENT OF U.S. STEEL IMPORTS BY VALUE AND 1 PERCENT IN TONNAGE TERMS. HOWEVER, THE ENTIRE STEEL INDUSTRY SUFFERS FROM SIMILAR PROBLEMS, CYCLICAL SWINGS IN DEMAND RESULTING IN EXCESS CAPACITY IN PERIODS OF RECESSION, AGGRAVATED BY GOVERNMENTAL ACTIONS ABROAD. WHILE THE IMPACT ON DOMESTIC SPECIALTY STEEL PRODUCTION HAS BEEN MUCH SHARPER THAN WITH RESPECT TO CARBON STEEL,

THE EFFECT ON THE WHOLE STEEL INDUSTRY HAS BEEN SUB- STANTIAL.

7. DURING 1975 THE U.S. SPECIALTY STEEL INDUSTRY REDUCED ITS CAPACITY AND EMPLOYMENT TO A GREATER EXTENT THAN FOREIGN SPECIALTY STEEL INDUSTRIES. THIS APPARENTLY REFLECTS DIFFERENCES IN NATIONAL POLICIES REGARDING EMPLOYMENT. FOREIGN GOVERNMENTAL POLICIES ENCOURAGE THE MAINTENANCE OF EMPLOYMENT LEVELS DESPITE RECESSION WHEREAS U.S. INDUSTRY REDUCES PRODUCTION TO MATCH DEMAND. KISSINGER

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